

## Message Text

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14

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 /116 W

----- 074151

R 052258Z FEB 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 8748

INFO AMEMBASSY CARACAS

UNCLAS OTTAWA 498

E.O. 11652: N/A

TAGS: ENRG, CA, VE

SUBJ: CANADA-VENEZUELA OIL TRADE

REF: OTTAWA 113, JAN 11, 76

1. SINCE HIS RETURN TO OTTAWA FEBRUARY 2 FROM VENEZUELA, PM TRUDEAU HAS BEEN QUESTIONED AT SOME LENGTH IN HOUSE OF COMMONS ABOUT CANADIAN-VENEZUELAN OIL RELATIONS.

2. IN FEBRUARY 3 HOUSE SESSION, NDP LEADER BROADBENT INQUIRED WHETHER PM HAD INDICATED CANADIAN SUPPORT FOR VENEZUELA'S PREVIOUSLY EXPRESSED DESIRE (REFTEL) TO ENGAGE IN DIRECT GOVERNMENT-TO-GOVERNMENT DEALINGS ON OIL EXPORTS, THUS BY-PASSING OIL COMPANY MIDDLE MEN. IN RESPONSE, PM NOTED THAT PETRO-CANADA (NEW NATIONAL OIL COMPANY) VICE PRESIDENT (W.H. HOPPER) HAD BEEN MEMBER OF OFFICIAL PARTY VISITING VENEZUELA AND HAD ENGAGED IN DISCUSSION WITH GOV OFFICIALS (PM ALSO INDICATED THAT OTHER PETRO-CANADA OFFICIALS WOULD BE MEETING WITH VENEZUELAN OFFICIALS "IN THE IMMEDIATE FUTURE"). PM CONTINUED THAT "BEYOND AN ASSURANCE EXCHANGED BY BOTH GOVERNMENTS THAT WE WERE INTERESTED IN EACH OTHER AS A SECURE SOURCE AND A SECURE MARKET, THERE WERE NO

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PRECISE PLANS MADE FOR PETRO-CANADA TO BUY ANY QUANTITIES

OF PETROLEUM". PM ADDED THAT VENEZUELA IS INTERESTED AT THIS TIME IN SEEING THAT CANADA KEEPS UP, "MORE OR LESS", ITS TRADITIONAL LIFTINGS FROM VENEZUELA. "THIS RESULT HAS NOW BEEN ACHIEVED". AS FOR PETRO-CANADA BEING THE BUYER, PM SAID THAT IT DOES NOT REPEAT NOT SEEM LIKELY AT THIS TIME BECAUSE PETRO-CANADA DOES NOT OWN ANY REFINING CAPACITY.

3. BROADBENT SUGGESTED TO THE PM THAT VENEZUELAN DESIRE FOR GOVERNMENT-TO-GOVERNMENT OIL TRANSACTION WOULD IN HIS UNDERSTANDING INVOLVE A LONG RANGE COMMITMENT AT "LOWER THAN NORMAL PRICES". PM TRUDEAU RESPONDED THAT HE WAS "NOT SURE WHETHER THAT IS OR IS NOT THE VENEZUELAN POLICY", BUT IN ANY CASE MATTER WAS NOT REPEAT NOT RAISED IN DISCUSSIONS. PM ADDED THAT HE HAD NO REPEAT NO REASON TO BELIEVE VENEZUELA WOULD SELL TO PETRO-CANADA AT A LOWER PRICE THAN TO OIL MULTINATIONALS.

4. OPPOSITION LEADER STANFIELD CONTINUED A SIMILAR LINE OF QUESTIONING ON FEBRUARY 4 BY ASKING THE PM WHETHER HE DISCUSSED A LONG-TERM SECURITY OF OIL SUPPLY ACCORD IN CARACAS. PM ANSWERED THAT "THERE WAS NO PRECISE ACCORD EXCHANGE OF QUANTITIES OR FIGURES". HE FURTHER SAID THAT "THE VENEZUELAN NOW ARE INTERESTED IN AN ASSURANCE THAT WE WOULD NOT LOWER THE GENERAL MAGNITUDE OF OUR LIFTINGS BECAUSE OF THE NATIONALIZATION THAT THEY PROCEEDED WITH, AND I COULD GIVE THEM THAT ASSURANCE". "ON OUR SIDE," HE SAID, "WE WERE INTERESTED IN MAKING SURE THAT THEY WERE GOING TO CONSIDER CANADA AS A MARKET TO WHICH THEY WOULD BE CONTINUING TO EXPORT WITHOUT ANY POLITICAL CONDITIONS PUT ON THEIR EXPORTS". PM ALSO CONFIRMED THAT VENEZUELAN HAVE ASKED CANADA FOR SUPPORT IN THE EXPLOITATION OF THE ORINOCO TAR SAND AND "ARE TALKING EXCHANGE OF TECHNOLOGY WITH US.  
JOHNSON

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